

TOWN OF JONESBORO, LOUISIANA  
Annual Financial Statements  
As of and for the Year Ended June 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-1-06

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TOWN OF JONESBORO, LOUISIANA

Annual Financial Statements  
As of and for the Year Ended June 30, 2005  
With Supplemental Information Schedules

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Don Essmeier, Mayor  
and Members of the Board of Aldermen  
Town of Jonesboro, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Jonesboro, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the basic financial statements of the Town as listed in the table of contents. These financial statements are the responsibility of the Town of Jonesboro, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Jonesboro, Louisiana, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, the Town of Jonesboro, Louisiana adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Governmental Accounting Standards Board Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Omnibus; Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, in 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2005, on our consideration of the Town of Jonesboro, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information listed as Required Supplemental Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Jonesboro, Louisiana's basic financial statements. The accompanying supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Kenneth D. Folden & Co.  
Certified Public Accountants  
Jonesboro, Louisiana  
December 14, 2005

REQUIRED SUPPLEMENTAL INFORMATION

PART 1 OF 2

# TOWN OF JONESBORO, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2005

This section of the Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended on June 30, 2005. Please read it in conjunction with the Town's financial statements, which follow this section.

This is the second year the Town has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34. Because this new reporting model changes significantly not only the presentation of financial data, but also the manner in which the information is recorded, prior year comparative information for this reporting period's MD&A has been included.

### FINANCIAL HIGHLIGHTS

- The Town's net assets decreased by \$348,149 during the year.
- Program and general revenues amounted to \$3,270,941.
- Expenses for the year amounted to \$3,619,090.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts:

- Management's discussion and analysis
- Basic financial statements
- Supplementary information

The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail than the government-wide statements. The Town has a general fund, a street ad valorem fund, a fire ad valorem fund, a street sales tax fund, and a proprietary (utility) fund.

### FINANCIAL ANALYSIS OF THE FUNDS

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>ASSETS:</b>						
Assets	\$ 1,165,828	\$ 1,469,240	\$ 602,675	\$ 566,569	\$ 1,768,503	\$ 2,035,809
Capital assets, net of accumulated depr.	1,049,022	946,453	4,143,005	4,260,798	5,192,027	5,207,251
Total Assets	2,214,850	2,415,693	4,745,680	4,827,367	6,960,530	7,243,060
<b>LIABILITIES:</b>						
Current	61,834	88,218	132,863	131,807	194,697	220,025
Long-Term	90,947	0	0	0	90,947	0
Total Liabilities	152,781	88,218	132,863	131,807	285,644	220,025
<b>NET ASSETS</b>	<b>\$ 2,062,069</b>	<b>\$ 2,327,475</b>	<b>\$ 4,612,817</b>	<b>\$ 4,695,560</b>	<b>\$ 6,674,886</b>	<b>\$ 7,023,035</b>
Invested in capital assets	\$ 1,049,022	\$ 946,453	\$ 4,143,005	\$ 4,260,798	\$ 5,192,027	\$ 5,207,251
Unreserved	1,013,047	1,381,022	469,812	434,762	1,482,859	1,815,784
<b>NET ASSETS</b>	<b>\$ 2,062,069</b>	<b>\$ 2,327,475</b>	<b>\$ 4,612,817</b>	<b>\$ 4,695,560</b>	<b>\$ 6,674,886</b>	<b>\$ 7,023,035</b>

### Summary Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Fees, fines and charges for services	\$ 247,893	\$ 203,858	\$ 781,592	\$ 779,650	\$ 1,029,485	\$ 983,508
Operating grants and contributions	19,986	20,531	0	30,000	19,986	50,531
Capital grants and contributions	13,469	690,949	0	0	13,469	690,949
<b>General Revenues:</b>						
Ad valorem taxes	230,067	228,033	0	0	230,067	228,033
Sales and use tax	1,451,722	1,391,167	0	0	1,451,722	1,391,167
Fines and forfeitures	122,136	119,011	0	0	122,136	119,011
Franchise fees	136,756	135,167	0	0	136,756	135,167
Licenses and permits	118,724	110,983	0	5,819	118,724	125,802
Interest income	13,088	12,737	6,089	0	19,177	12,737
Intergovernmental	92,339	106,897	0	0	92,339	106,897
Rents and royalties	30,970	25,114	1,385	2,825	32,355	28,259
Grants and contributions	4,725	87,685	0	0	4,725	87,685
Total general revenues	2,481,875	3,131,132	789,066	818,294	3,270,941	3,959,726
<b>Expenses</b>						
General government	388,822	392,066	0	0	388,822	392,066
Public safety	1,122,079	1,003,304	0	0	1,122,079	1,003,304
Streets	1,012,331	839,154	0	0	1,012,331	839,154
Sanitation	191,637	174,928	0	0	191,637	174,928
Recreation	7,923	9,188	0	0	7,923	9,188
Cemetery	7,901	7,434	0	0	7,901	7,434
Industrial development	1,123	111	0	0	1,123	111
Airport	15,465	656,208	0	0	15,465	656,208
Water and Sewer	0	0	871,809	940,910	871,809	940,910
Total Expenses	2,747,281	3,082,726	871,809	940,910	3,619,090	4,023,636
Incr (Decr) in Net Assets before Transfers	(265,406)	58,706	(82,743)	(122,616)	(348,149)	(63,910)
Transfers In (Out)		(950)		950	0	0
Increase in net assets	(265,406)	57,756	(82,743)	(121,666)	(348,149)	(63,910)
Net assets - July 1, 2004	2,327,475	2,269,719	4,695,560	4,817,226	7,023,035	7,086,945
Net assets - June 30, 2005	\$ 2,062,069	\$ 2,327,475	\$ 4,612,817	\$ 4,695,560	\$ 6,674,886	\$ 7,023,035

- The Town's assets exceeded its liabilities by \$2,062,069 (net assets) for the year.
- Unreserved net assets of \$1,013,047 represent the portion available to maintain the Town's obligation to both citizens and creditors.

### Business-Type Activities

The proprietary fund, the water and sewer system, experienced an operating loss of \$82,743 for the year. Revenues and expenses remained fairly consistent with the prior year.

### General Fund Budgetary Highlights

The Town did not amend its General fund budget during the year. At year-end, actual revenues were \$220,054 more than budgeted and actual expenditures were \$275,079 less than budgeted expenditures.

### Debt

At year end, the Town had a capital lease obligation of \$85,090 related to the purchase of a fire engine. See note 15 for additional information.

### Economic Factors and Next Year's Budget

The Town has prepared its 2005-2006 budget for the General Fund and Special Revenue Funds on the assumption that revenues and expenditures will remain fairly constant next year. Both revenues and expenditures for the Utility Enterprise fund should also remain constant during the next year.

### Contacting the Town

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Town at P. O. Box 610, Jonesboro, LA 71251.



Town of Jonesboro, Louisiana

STATEMENT OF NET ASSETS

June 30, 2005

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 797,466	\$ 259,361	\$ 1,056,827
Receivables (net of allowances for doubtful accounts)	368,362	204,116	572,778
Inventory	0	44,261	44,261
Total current assets	<u>1,165,828</u>	<u>507,738</u>	<u>1,673,566</u>
Restricted assets:			
Cash and cash equivalents			
Meter deposits	0	94,637	94,637
Total restricted assets	<u>0</u>	<u>94,637</u>	<u>94,637</u>
Non-current assets:			
Capital assets (net of accumulated depreciation)	<u>1,049,022</u>	<u>4,143,005</u>	<u>5,192,027</u>
Total non-current assets	<u>1,049,022</u>	<u>4,143,005</u>	<u>5,192,027</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,214,850</u>	<u>\$ 4,745,680</u>	<u>\$ 6,960,530</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Current liabilities:			
Accounts payable	\$ 60,503	\$ 70,414	\$ 90,917
Other liabilities	1,331	7,812	9,143
Total current liabilities	<u>61,834</u>	<u>78,226</u>	<u>100,060</u>
Payable from restricted assets:			
Customer deposits	0	94,637	94,637
Total payable from restricted assets	<u>0</u>	<u>94,637</u>	<u>94,637</u>
Non-current liabilities:			
Compensated absences	<u>7,857</u>	<u>0</u>	<u>7,857</u>
Total non-current liabilities	<u>7,857</u>	<u>0</u>	<u>7,857</u>
Long-term liabilities:			
Due within year	<u>26,599</u>	<u>0</u>	<u>26,599</u>
Due in more than a year	<u>56,491</u>	<u>0</u>	<u>56,491</u>
Total long-term liabilities	<u>83,090</u>	<u>0</u>	<u>83,090</u>
<b>TOTAL LIABILITIES</b>	<u>152,781</u>	<u>172,863</u>	<u>325,644</u>
<b>NET ASSETS</b>			
Invested in capital assets	1,049,022	4,143,005	5,192,027
Unrestricted	<u>1,013,047</u>	<u>469,812</u>	<u>1,482,859</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 2,062,069</u>	<u>\$ 4,612,817</u>	<u>\$ 6,674,886</u>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

Town of Jonesboro, Louisiana

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2005

	PROGRAM REVENUE			Net (Expense) Revenue
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Legislative	\$ 50,333			\$ (50,333)
Judicial	5,457			(5,457)
Executive	41,189			(41,189)
General and administrative	291,848			(291,848)
Public safety	1,122,079	93,216	10,666	(1,018,197)
Sanitation	191,637	154,677		(36,960)
Streets	1,012,331			(998,862)
Airport	15,465		9,320	(6,145)
Recreation	7,923			(7,923)
Cemetery	7,901			(7,901)
Industrial development	1,123			(1,123)
Total governmental activities	2,747,286	247,893	19,986	(2,465,933)
<b>Business-type activities:</b>				
Water and sewer	871,809	781,592	0	(90,217)
Total business-type activities	871,809	781,592	0	(90,217)
<b>Total Primary Government</b>	<b>\$ 3,619,095</b>	<b>\$ 1,029,485</b>	<b>\$ 19,986</b>	<b>\$ 13,469 (2,556,155)</b>

	Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (2,465,933)	\$ (90,217)	\$ (2,556,150)
<b>General Revenues:</b>			
General sales and use tax	1,451,722		1,451,722
Intergovernmental	92,339		92,339
Franchise fees - utility	136,756		136,756
Fines and forfeitures	122,136		122,136
Licenses and permits	118,724		118,724
Ad valorem tax	230,067		230,067
Use of money (interest)	13,088	6,089	19,177
Rents and royalties	30,970	1,385	32,355
Grants and contributions	4,725		4,725
Total general revenues	2,200,527	7,474	2,208,001
<b>Change in net assets</b>	<b>(265,406)</b>	<b>(82,743)</b>	<b>(348,149)</b>
Net assets - beginning of year	2,327,475	1,695,560	7,023,035
<b>Net assets - end of year</b>	<b>\$ 2,062,069</b>	<b>\$ 1,612,817</b>	<b>\$ 6,674,886</b>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

Town of Jonesboro, Louisiana

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2005

	MAJOR FUNDS				Total
	General Fund	Street Sales Tax Fund	Street Ad Valorem Tax Fund	Fire Dept. Ad Valorem Tax Fund	
<b>Assets</b>					
Cash and cash equivalents	\$ 315,104	\$ 380,123	\$ 68,067	\$ 31,172	\$ 797,466
Taxes receivable	129,181	129,181	0	0	258,362
Accounts receivable - net	80,518	0	0	0	80,518
Accounts receivable - franchise	10,653	0	0	0	10,653
Due from other governments	18,829	0	0	0	18,829
Total assets	<u>\$ 554,285</u>	<u>\$ 509,304</u>	<u>\$ 68,067</u>	<u>\$ 31,172</u>	<u>\$ 1,165,828</u>
<b>Liabilities</b>					
Accounts payable	\$ 60,503	\$ 0	\$ 0	\$ 0	\$ 60,503
Other liabilities	1,331	0	0	0	1,331
Total liabilities	<u>61,834</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>61,834</u>
<b>Fund Equity</b>					
Fund balances:					
Unreserved	492,451	509,304	68,067	31,172	1,103,994
Undesignated					
Total fund equity	<u>492,451</u>	<u>509,304</u>	<u>68,067</u>	<u>31,172</u>	<u>1,103,994</u>
Total liabilities and fund equity	<u>\$ 554,285</u>	<u>\$ 509,304</u>	<u>\$ 68,067</u>	<u>\$ 31,172</u>	<u>\$ 1,165,828</u>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

Town of Jonesboro, Louisiana

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR  
GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL  
ACTIVITIES ON THE STATEMENT OF NET ASSETS  
June 30, 2005

Fund Balance - total governmental funds		\$ 1,103,994
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Add - capital assets	\$ 3,383,962	
Deduct - accumulated depreciation	<u>(2,334,940)</u>	
		1,049,022
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Those liabilities consist of:		
Capital lease not due and payable in current period	(83,090)	
Compensated absences	<u>(7,857)</u>	
		<u>(90,947)</u>
Net assets of governmental activities		<u>\$ 2,062,069</u>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

Town of Jonesboro, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2005

	MAJOR FUNDS				Total
	General Fund	Street Sales Tax Fund	Street Ad Valorem Tax Fund	Fire Dept. Ad Valorem Tax Fund	
Revenues:					
General sales and use tax	\$ 725,861	\$ 725,861	\$ 0	\$ 0	\$ 1,451,722
Intergovernmental	92,339				92,339
Franchise fees - utility	136,756				136,756
Garbage fees	154,677				154,677
Fines and forfeitures	122,136				122,136
Licenses and permits	118,724				118,724
Ad valorem tax	101,977		64,045	64,045	230,067
Other fees and charges	42,817		2,937	2,937	48,691
Public safety fee	44,525				44,525
Grants:					
State	33,455				33,455
Grants and contributions	4,725				4,725
Use of money (interest)	4,942	6,044	1,086	1,016	13,088
Rents and royalties	30,970				30,970
Total revenues	1,613,904	731,905	68,068	67,998	2,481,875
Expenditures					
Legislative	46,257				46,257
Judicial	5,457				5,457
Executive	41,189				41,189
General and administrative	278,144	5,951			284,095
Public safety	1,267,409				1,267,409
Sanitation	191,637				191,637
Streets	986,822				986,822
Airport	15,465				15,465
Recreation	6,173				6,173
Cemetery	7,901				7,901
Industrial development	1,123				1,123
Total expenditures	2,847,577	5,951	0	0	2,853,528
Excess of revenues over (under) expenditures	(1,233,673)	725,954	68,068	67,998	(371,653)
Other financing sources (uses):					
Transfers from other funds	1,026,334				1,026,334
Transfers to other funds		(931,145)		(95,189)	(1,026,334)
Capital lease proceeds	180,816				180,816
Capital lease payment	(97,726)				(97,726)
Total other financing sources (uses)	1,109,424	(931,145)	0	(95,189)	83,090
Net Change in Fund Balance	(124,249)	(205,191)	68,068	(27,191)	(288,563)
Fund Balance - beginning of year	616,703	714,495	0	61,364	1,392,562
Fund Balance - end of year	\$ 492,454	\$ 509,304	\$ 68,068	\$ 34,173	\$ 1,103,999

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

Town of Jonesboro, Louisiana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES

June 30, 2005

Net Change in fund balance - total governmental funds \$ (288,563)

Amounts reported for governmental activities in the statement of activities are  
different because

Governmental funds report capital outlays as expenditures. However, in the statement  
of activities the cost of these assets is allocated over their estimated useful lives  
and reported as depreciation expense. This is the amount by which depreciation expense  
(\$128,226) is less than capital outlays (\$230,790) in the current period, 102,564

Capital lease payable not due and payable in current period and not in fund (83,090)

Compensated absences 3,683

Change in net assets - statement of activities \$ (265,406)

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

Town of Jonesboro, Louisiana

STATEMENT OF NET ASSETS  
Proprietary Fund  
June 30, 2005

Water & Sewer  
Utility Fund

ASSETS

Current assets:

Cash and cash equivalents	\$ 259,561
Receivables (net of allowances for uncollectible)	304,416
Inventories	44,261
Total current assets	<u>608,238</u>

Restricted assets:

Cash and cash equivalents	94,637
Total restricted assets	<u>94,637</u>

Non-current assets:

Capital assets (net of accumulated depreciation)	4,143,005
Total non-current assets	<u>4,143,005</u>

TOTAL ASSETS \$ 4,745,880

Current liabilities

Accounts payable	\$ 30,414
Other liabilities	7,812
Total current liabilities	<u>38,226</u>

Payable from restricted assets:

Customer deposits	94,637
Total payable from restricted assets	<u>94,637</u>
Total liabilities	<u>132,863</u>

Net Assets

Invested in capital assets, net of related debt	4,143,005
Unrestricted	469,812
Total Net Assets	<u>\$ 4,612,817</u>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

Town of Jonesboro, Louisiana

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS

Proprietary Fund  
For the Year Ended June 30, 2005

	Water & Sewer Utility Fund
<b>OPERATING REVENUES</b>	
Charges for services	\$ 781,592
Total operating revenues	<u>781,592</u>
<b>OPERATING EXPENSES</b>	
Personnel services	275,230
Repairs and maintenance	206,576
Operating supplies	58,007
Office supplies	1,605
Insurance and bonding	67,139
Travel and workshops	2,735
Utility services	104,160
Meter reading	18,183
Depreciation	127,526
Other charges	7,648
Total operating expenses	<u>871,809</u>
OPERATING INCOME (Loss)	<u>(90,217)</u>
<b>NON-OPERATING REVENUES (Expenses) AND TRANSFERS</b>	
Tap fees and permits	1,385
Interest income	6,089
Total non-operating revenues (expenses) and transfers	<u>7,474</u>
Change in Net Assets	(82,743)
Total Net Assets at Beginning of Year	<u>4,695,560</u>
Total Net Assets at End of Year	<u>\$ 4,612,817</u>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.



Town of Jonesboro, Louisiana

STATEMENT OF CASH FLOWS  
Proprietary Fund  
For the Year Ended June 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 772,404
Cash Received from Customer Deposits (Net of Refunds)	3,635
Cash Payments to Suppliers for Goods and Services	(479,903)
Cash Payments to Employees	(275,230)
Net Cash Provided by Operating Activities	<u>20,906</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Income	<u>6,089</u>
Net Cash Provided by Investing Activities	<u>6,089</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 26,995

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 327,003

CASH AND CASH EQUIVALENTS - ENDING OF YEAR \$ 353,998

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

Town of Jonesboro, Louisiana

STATEMENT OF CASH FLOWS (Continued)  
Proprietary Fund  
For the Year Ended June 30, 2005

RECONCILIATION OF INCOME FROM OPERATIONS  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Income (Loss) From Operations	\$ (90,217)
-------------------------------	-------------

ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS  
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Depreciation	127,526
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(10,573)
Decrease in Inventory	1,463
Decrease in Accounts Payable	(4,839)
Increase in Customer Deposits - Net of Refunds	<u>3,635</u>
Net Cash Provided by Operating Activities	<u>\$ 26,995</u>

RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:

Current Assets:	
Cash and Cash Equivalents	\$ 259,361
Restricted Assets:	
Cash and Cash Equivalents	<u>94,637</u>
Total Cash and Cash Equivalents	<u>\$ 353,998</u>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

Town of Jonesboro, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2005

INTRODUCTION

The Town of Jonesboro is located in the southwest corner of Jackson Parish. Jonesboro was incorporated as a village on September 4, 1901, and as a town on May 14, 1903, under provisions of the Lawrason Act.

The Town operates under a Mayor-Board of Aldermen form of government. The Board of Aldermen of the Town of Jonesboro is composed of five aldermen, elected for four year terms, who are compensated as shown in this report. The Town serves 3,914 citizens by providing police protection, fire protection, water/sewer services, sanitation services, street maintenance, and various administrative functions such as legislation of town ordinances and the enforcement of same. The Town employs approximately fifty persons to serve the needs of the citizens of the Town of Jonesboro.

**1. Summary of Significant Accounting Policies**

The financial statements of the Town of Jonesboro, Louisiana, have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the Town's Financial Report.

**A. Financial Reporting Entity**

As the municipal governing authority, for reporting purposes, the Town of Jonesboro is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**Component Units**

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Jonesboro for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the municipality to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship.

Town of Jonesboro, Louisiana

Notes to the Financial Statements (Continued)  
As of and for the Year Ended June 30, 2005

As required by generally accepted accounting principles, these financial statements present the Town of Jonesboro (the primary government). The Town of Jonesboro has no component units.

**B. Basis of Presentation**

*Government-Wide Financial Statements:*

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statements of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*Fund Financial Statements*

Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten per cent (10%) of the corresponding total for all funds of that category or type.
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five per cent (5%) of the corresponding total for all government and enterprise funds combined.
- c. The Town's management believes that the fund is particularly important to the financial statement users.

The Town considers all of its funds to be "major funds".

The funds are grouped into two fund types as described below:

**Governmental Funds:** Governmental funds account for all or most of the Town of Jonesboro's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned

Town of Jonesboro, Louisiana

Notes to the Financial Statements (Continued)  
As of and for the Year Ended June 30, 2005

to the fund from which they will be paid. The difference between the governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The following are the Town's governmental funds:

1. General fund--to account for all financial resources, except those required to be accounted for in other funds.
2. Special revenue funds--to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Fire Department Ad Valorem Tax Fund - To account for the proceeds of a 4.88 mill ad valorem tax levied for the operation and maintenance of the Town's fire department.

Street Department Ad Valorem Tax Fund - To account for the proceeds of a 4.88 mill ad valorem tax levied for the operation and maintenance of roads, streets, and alleys of the Town.

Street Sales Tax Fund - To account for the revenues of a one (1) per cent sales and use tax levied for the construction, maintenance, repair and improvements of the Town's streets.

**Proprietary Funds:** Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The proprietary fund of the Town of Jonesboro is an:

1. Enterprise fund - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees; or (b) where the governing body has decided that the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise fund is:

*Water and Sewer Fund* - Accounts for the provision of water and sewerage services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

**D. Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; whereas, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for the proprietary fund are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in

Town of Jonesboro, Louisiana

Notes to the Financial Statements (Continued)  
As of and for the Year Ended June 30, 2005

net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. As a general guideline, the Town considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The revenues susceptible to accrual are ad valorem taxes, franchise taxes, sales taxes, interest income, intergovernmental revenues, and charges for services. All other governmental fund revenues are recognized when received.

**E. Budgets**

The Town uses the following budget practices:

The proposed budgets for the fiscal year ended June 30, 2005, were made available for public inspection on June 10, 2004. The proposed budgets, prepared on the GAAP basis of accounting, were published in the official journal 12 days prior to the public hearing, which was held at the Town Hall on June 22, 2004, for comments from taxpayers. The budgets are legally adopted and amended, as necessary, by the Board of Aldermen. All appropriations lapse at year end. Budgeted amounts included in the accompanying financial statements are as originally adopted.

**F. Assets, Liabilities, and Equity**

**Cash and Cash Equivalents**

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less.

**Receivables and Payables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Likewise payables consist of all expenditures due at year-end and not yet paid.

In the fund financial statements, material receivables in governmental funds include intergovernmental receivables and sales tax revenue accruals. In the proprietary fund the major receivable is customer utility billings. Payables in governmental funds and proprietary funds include expenditures accruals for goods and services received by year-end, but not yet paid for.

During the course of operations, numerous transactions occur between individual funds to account for the disposition of collections. Any resulting receivables and payables are classified in due from other funds and due to other funds on the balance sheet.

Town of Jonesboro, Louisiana

Notes to the Financial Statements (Continued)  
As of and for the Year Ended June 30, 2005

**G. Capital Assets**

Capital Assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	40-50
Water system	25-40
Sewer system	40
Machinery and equipment	3-20
Vehicles	5-10

**H. Compensated Absences**

Employees earn from one week to three weeks of vacation leave annually, depending upon length of service; with the exceptions of 2 employees, vacation leave does not accumulate. Employees earn from one week to three weeks of sick leave annually, depending upon length of service; employees are allowed to accumulate 45 days of sick leave. All sick leave is forfeited upon termination of employment. The liability for these compensated absences is recorded on long-term debt in the government-wide statements.

**I. Equity Classifications**

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

Town of Jonesboro, Louisiana

Notes to the Financial Statements (Continued)

As of and for the Year Ended June 30, 2005

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**J. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds during the reporting period. Actual results could differ from those estimates.

**2. Levied Taxes**

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Constitutional	7.95	7.77	n/a
Operation and maintenance - fire protection	5.00	4.88	12/31/07
Operation and maintenance - streets	5.00	4.88	12/31/07

**3. Cash and Cash Equivalents**

At June 30, 2005, the Town of Jonesboro has cash and cash equivalents (book balances) totaling \$1,052,918 unrestricted and \$94,637 restricted as follows:

Demand deposits	\$ 377,243
Petty cash	3,100
Time deposits	<u>767,211</u>
Total	<u>\$ 1,147,554</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2005, the Town of Jonesboro has \$1,232,296 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$1,762,709 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town of Jonesboro that the fiscal agent has failed to pay deposited funds upon demand.



Town of Jonesboro, Louisiana

Notes to the Financial Statements (Continued)  
As of and for the Year Ended June 30, 2005

**4. Receivables**

The receivables of \$572,778 at June 30, 2005, are as follows:

	General Fund	Special Revenue Funds	Proprietary Fund	Total
Taxes:				
Sales and use	\$ 129,181	\$ 129,181	\$ 0	\$ 258,362
Accounts	80,518		204,416	284,934
Fees	10,653			10,653
Intergovernmental	18,829			18,829
Total	<u>\$ 239,181</u>	<u>\$ 129,181</u>	<u>\$ 204,416</u>	<u>\$ 572,778</u>

**5. Restricted Assets - Proprietary Fund**

Restricted assets of the Enterprise fund were comprised of the following at June 30, 2005:

Customer's Deposit Account                      \$ 94,637

**6. Sales Taxes**

The taxpayers of the Town of Jonesboro levied a 1% sales and use tax on April 1, 1980, to provide funds for any lawful activity of the Town. In January 1988, the taxpayers of the Town levied an additional 1% sales and use tax for a period of ten (10) years commencing August 1, 1989. In July, 1998, the taxpayers of the Town renewed the 1% sales and use tax for an additional ten (10) years commencing August 1, 1999. The purpose of this tax is for the construction, maintenance, repair and improvements of the Town's streets.

**7. Capital Assets**

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Government Activities:				
Land	\$ 147,487			\$ 147,487
Buildings and improvements	878,891	2,616		881,507
Equipment and furniture	1,376,202	31,518		1,407,720
Trucks and vehicles	750,585	196,663		947,248
Totals at historical cost	<u>3,153,165</u>	<u>230,797</u>	<u>0</u>	<u>3,383,962</u>
Less accumulated depreciation				
Buildings and improvements	382,063	34,674		416,737
Equipment and furniture	1,250,050	33,836		1,283,886
Trucks and vehicles	574,601	59,716		634,317
Total accumulated depreciation	<u>2,206,714</u>	<u>128,226</u>	<u>0</u>	<u>2,334,940</u>
Governmental activities capital assets, net	<u>\$ 946,451</u>	<u>\$ 102,571</u>	<u>\$ 0</u>	<u>\$ 1,049,022</u>

Town of Jonesboro, Louisiana

Notes to the Financial Statements (Continued)  
As of and for the Year Ended June 30, 2005

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<b>Business-type Activities:</b>				
Water system	\$ 2,929,837	\$ 7,440		\$ 2,937,277
Sewer system	2,662,808	2,293		2,665,101
Totals at historical cost	5,592,645	9,733	0	5,602,378
<b>Less accumulated depreciation</b>				
Water system	652,667	67,022		719,689
Sewer system	679,179	60,504		739,683
Total accumulated depreciation	1,331,846	127,526	0	1,459,372
Business-type activities capital assets, net	\$ 4,260,799	\$ (117,793)	\$ 0	\$ 4,143,006

Depreciation expense reported by the various functions is presented as follows:

**Governmental Activities**

General Government	\$ 14,255
Public Safety	79,652
Streets, Airport, & Recreation	34,319
Total Depreciation - Governmental Activities	<u>\$ 128,226</u>

**Business-type Activities**

Water	\$ 67,022
Sewer	60,504
Total Depreciation - Business-type Activities	<u>\$ 127,526</u>

**8. Inventories**

Inventories are valued at cost primarily by using first in, first out (FIFO) method. Inventories of the Enterprise Fund consists of repair materials, spare parts, consumable supplies and fuel. These inventories are accounted for using the consumption method.

**9. Pension Plans**

Substantially all employees of the Town of Jonesboro are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

**A. Municipal Employees Retirement System of Louisiana (System)**

*Plan Description* The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

Town of Jonesboro, Louisiana

Notes to the Financial Statements (Continued)

As of and for the Year Ended June 30, 2005

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225)925-4810.

*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the Town of Jonesboro is required to contribute at an actuarially determined rate. The current rate is 15.0 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Jonesboro are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jonesboro's contributions to the System under Plan A for the years ending June 30, 2005, 2004, 2003, and 2002 were \$71,673, \$63,435, \$43,455, and \$37,981, respectively, equal to the required contributions for each year.

**B. Municipal Police Employees Retirement System of Louisiana (System)**

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8550 United Plaza Boulevard, Suite 501, Baton Rouge, Louisiana 70809-0200, or by calling (225)929-7411.

*Funding Policy.* Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Jonesboro is required to contribute at an actuarially determined rate. The current rate is 21.5 percent of annual covered payroll. The contribution requirements of plan members and the Town of

# Town of Jonesboro, Louisiana

## Notes to the Financial Statements (Continued)

As of and for the Year Ended June 30, 2005

Jonesboro are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jonesboro's contributions to the System for the years ending June 30, 2005, 2004, 2003, and 2002, were \$71,586, \$47,111, \$19,350, and \$20,090, respectively, equal to the required contributions for each year.

### C. Firefighters Retirement System of Louisiana

*Plan Description.* Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, P. O. Box 94095, Baton Rouge, Louisiana 70804, or by calling (225)925-4060.

*Funding Policy.* Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Town of Jonesboro is required to contribute at an actuarially determined rate. The current rate is 24.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Jonesboro are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jonesboro's contributions to the System for the years ending June 30, 2005, 2004, 2003, and 2002, were \$30,298, \$20,559, \$10,716, and \$10,872, respectively, equal to the required contributions for each year.

## 10. Accounts, Salaries, and Other Payables

The payables of \$100,060 at June 30, 2005, are as follows:

	General Fund	Proprietary Fund	Total
Accounts	\$ 60,503	\$ 30,414	\$ 90,917
Other	1,531	7,812	9,143
Total	\$ 61,834	\$ 38,226	\$ 100,060

Town of Jonesboro, Louisiana

Notes to the Financial Statements (Continued)  
As of and for the Year Ended June 30, 2005

**11. Intergovernmental Receivable/payable**

The following is a summary of the intergovernmental receivable from other governments at June 30, 2005:

Receivable from	General Fund	Total
State of Louisiana	\$ 18,829	\$ 18,829
Total	\$ 18,829	\$ 18,829

The following is a summary of the intergovernmental payable due other governments at June 30, 2005:

Payable to	General Fund	Proprietary Fund	Total
State of Louisiana - Department of Revenue and Taxation	\$	2,015	\$ 2,015
Jonesboro Fire District No. 1		4,647	4,647
Court Bond Deposit	\$ 319		319
Total	\$ 319	\$ 6,662	\$ 6,981

**12. Litigation and Claims**

The Town has been named as defendant in several lawsuits. In the opinion of management and counsel for the Town, potential liability of the Town of Jonesboro, in excess of applicable insurance coverages, is not probable nor can it be estimated at this time.

**13. Long-Term Debt**

The General Fund acquired a fire truck costing \$180,516 under capital lease during the year ended June 30, 2005. The capital lease was recorded as a capital asset and long-term obligation in the governmental activities of the government-wide financial statements.

The following is a summary of the long-term obligation transactions for the year ended June 30, 2005:

Balance - July 1, 2004	\$ 0
Additions	180,816
Retirements	(97,726)
Balance - June 30, 2005	\$ 83,090

The following is a summary of the current (due within one year) and long-term (due in more than one year) portions of the long-term obligation as of June 30, 2005:

Current	\$ 26,599
Long-term	56,491
	\$ 83,090

Town of Jonesboro, Louisiana

Notes to the Financial Statements (Concluded)  
As of and for the Year Ended June 30, 2005

The following is a schedule of future minimum lease payments together with the present value of the net minimum lease payments to be paid from the General Fund:

<u>Year Ending June 30,</u>	
2006	\$ 29,983
2007	29,983
2008	29,983
Total minimum lease payments	\$ 89,949
Less amounts representing interest	(6,859)
Present value of net minimum lease payments	<u>\$ 83,090</u>

The Town incurred and charged to expense in the General Fund \$2,257 interest costs during the year ended June 30, 2005.

Governmental Activities:

Compensated absences were \$7,857 At June 30, 2005.

**14. Schedule of Compensation Paid Mayor and Aldermen**

During 2005, the following amounts were paid to the Mayor and Aldermen:

	Meetings Attended	Amount	Expense Reimbursements	Total
Don Essmeier, Mayor	13	\$ 35,000	\$ 3,284	\$ 38,284
Carroll R. Layfield	10	6,000	537	6,537
Randy Shows	13	6,000	537	6,537
Aaron Stringer	12	6,000	2,075	8,075
Terry Wiley	12	6,000	1,967	7,967
Nancy Zuber	13	6,000	366	6,366
Total		<u>\$ 65,000</u>	<u>\$ 8,766</u>	<u>\$ 73,766</u>

REQUIRED SUPPLEMENTAL INFORMATION

PART 2 OF 2

## Town of Jonesboro, Louisiana

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2005**

	General Fund		
	Budgeted Amounts Original/Final	Actual	Variance- Favorable (Unfavorable)
<b>REVENUES</b>			
General sales and use taxes	\$ 600,000	\$ 723,861	\$ 125,861
Intergovernmental	98,000	92,339	(5,661)
Franchise fees - utility	140,000	136,756	(3,244)
Garbage fees	162,000	154,677	(7,323)
Fines and forfeitures	90,000	122,136	32,136
Licenses and permits	72,500	118,724	46,224
Ad valorem tax	100,000	101,977	1,977
Other fees and charges	26,350	42,817	16,467
Public safety fee	15,000	44,525	(475)
Rents and royalties	22,500	30,970	8,470
Grants:			
Federal	0	0	0
State	34,000	33,455	(545)
Other	500	4,725	4,225
Use of money (interest)	3,000	4,942	1,942
<b>TOTAL REVENUES</b>	<b>1,393,850</b>	<b>1,613,904</b>	<b>220,054</b>
<b>EXPENDITURES</b>			
Legislative	47,075	46,257	818
Judicial	6,470	5,457	1,013
Executive	44,350	41,189	3,161
General and administrative	330,814	278,144	52,670
Public safety	272,800	462,925	(190,125)
Police	750,250	737,792	(7,542)
Animal control	58,130	66,692	(8,562)
Sanitation	191,050	191,637	(587)
Streets	1,099,750	986,822	112,928
Airport	17,650	15,465	2,185
Recreation	11,750	6,173	5,577
Cemetery	9,200	7,901	1,299
Safety	500	0	500
Industrial Development	302,867	1,123	301,744
<b>TOTAL EXPENDITURES</b>	<b>3,122,656</b>	<b>2,847,577</b>	<b>275,079</b>
<b>EXCESS OF REVENUES</b>			
<b>OVER (UNDER) EXPENDITURES</b>	<b>(1,728,806)</b>	<b>(1,233,673)</b>	<b>495,133</b>



## Town of Jonesboro, Louisiana

**BUDGETARY COMPARISON SCHEDULE (Concluded)**  
**For the Year Ended June 30, 2005**

	General Fund		
	Budgeted Amounts Original/Final	Actual	Variance- Favorable (Unfavorable)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from other funds	\$ 1,420,582	\$ 1,026,334	\$ (394,248)
Transfer to other funds	0	0	0
Capital lease proceeds		180,816	180,816
Capital lease payment	0	(97,726)	(97,726)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,420,582</u>	<u>1,109,424</u>	<u>(311,158)</u>
 Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	 (308,224)	 (124,249)	 183,975
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>381,088</u>	<u>616,703</u>	<u>235,615</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 72,864</u>	<u>\$ 492,454</u>	<u>\$ 419,590</u>

## Town of Jonesboro, Louisiana

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2005**

	Fire Department Ad Valorem Tax Fund		
	Budgeted Amount Original/Final	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Ad Valorem tax	\$ 60,000	\$ 64,045	\$ 4,045
Other fees and charges	2,500	2,937	437
Use of money (interest)	600	1,016	416
<b>TOTAL REVENUES</b>	<b>63,100</b>	<b>67,998</b>	<b>4,898</b>
<b>EXPENDITURES</b>			
General and administrative	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>63,100</b>	<b>67,998</b>	<b>4,898</b>
<b>OTHER FINANCING SOURCES (Uses)</b>			
Transfers to other funds	124,250	95,189	29,061
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>124,250</b>	<b>95,189</b>	<b>29,061</b>
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER (Under) EXPENDITURES AND OTHER USES</b>	<b>(61,150)</b>	<b>(27,191)</b>	<b>33,959</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>0</b>	<b>61,364</b>	<b>61,364</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ (61,150)</b>	<b>\$ 34,173</b>	<b>\$ 95,323</b>

## Town of Jonesboro, Louisiana

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2005**

Street Department Ad Valorem Tax Fund			
	Budgeted Amount Original/Final	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Ad Valorem tax	\$ 60,000	\$ 64,045	\$ 4,045
Other fees and charges	2,500	2,937	437
Use of money (interest)	0	1,086	1,086
<b>TOTAL REVENUES</b>	<b>62,500</b>	<b>68,068</b>	<b>5,568</b>
<b>EXPENDITURES</b>			
General and administrative	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>62,500</b>	<b>68,068</b>	<b>5,568</b>
<b>OTHER FINANCING SOURCES (Uses)</b>			
Transfers to other funds	73,174	0	73,174
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>73,174</b>	<b>0</b>	<b>73,174</b>
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER (Under) EXPENDITURES AND OTHER USES</b>	<b>(10,674)</b>	<b>68,068</b>	<b>78,742</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ (10,674)</b>	<b>\$ 68,068</b>	<b>\$ 78,742</b>

## Town of Jonesboro, Louisiana

**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2005**

	Street Sales Tax Fund		
	Budgeted Amount Original/Final	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
General sales and uses tax	\$ 650,000	\$ 725,861	\$ 75,861
Use of money (interest)	3,500	6,044	2,544
<b>TOTAL REVENUES</b>	<b>653,500</b>	<b>731,905</b>	<b>78,405</b>
<b>EXPENDITURES</b>			
General and administrative	8,320	5,951	2,369
<b>TOTAL EXPENDITURES</b>	<b>8,320</b>	<b>5,951</b>	<b>2,369</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>645,180</b>	<b>725,954</b>	<b>80,774</b>
<b>OTHER FINANCING SOURCES (Uses)</b>			
Transfers to other funds	1,223,158	931,145	292,013
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>1,223,158</b>	<b>931,145</b>	<b>292,013</b>
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER (Under) EXPENDITURES AND OTHER USES</b>	<b>(577,978)</b>	<b>(205,191)</b>	<b>372,787</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>0</b>	<b>714,495</b>	<b>714,495</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ (577,978)</b>	<b>\$ 509,304</b>	<b>\$ 1,087,282</b>

## Kenneth D. Folden & Co.

Kenneth D. Folden, CPA

Certified Public Accountants

Ted W. Sanderlin, CPA

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Certified Public Accountants

### REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Don L. Essmeier, Mayor  
and Members of the Board of Aldermen  
Town of Jonesboro, Louisiana

We have audited the general purpose financial statements of the Town of Jonesboro, Louisiana, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

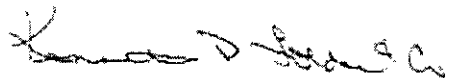
#### Compliance

As part of obtaining reasonable assurance about whether the Town of Jonesboro's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that required to be reported under Government Auditing Standards.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Jonesboro's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Legislative Auditor of the State of Louisiana, the board of aldermen and management of the Town of Jonesboro, and federal awarding agencies and pass-through entities. It is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, the report is distributed by the Legislative Auditor as a public document.



KENNETH D. FOLDEN & CO.  
Certified Public Accountants

Jonesboro, Louisiana  
December 14, 2005

Town of Jonesboro, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Town of Jonesboro.
2. No reportable conditions relating to the audit of the financial statement are reported in the REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.
3. No instance of noncompliance material to the financial statements of the Town of Jonesboro was disclosed during the audit.
4. The Town of Jonesboro had no federal award programs.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings for current year. In addition, there were no prior year findings.